RHIIP Newsletter

RENTAL HOUSING INTEGRITY IMPROVEMENT PROJECT

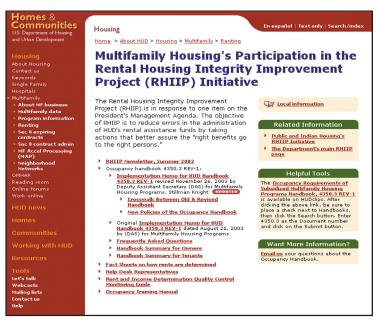U.S. Department of Housing and Urban Development · Office of Multifamily Housing Programs

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Visit the Newly Established Multifamily RHIIP Webpage

Effective September 23, 2003, RHIIP information can be located on the HUD Multifamily website. We encourage you to visit frequently, as we are continually adding resources, such as frequently asked questions (FAQs) related to RHIIP issues, the *Rent and Income Determination Quality Control Monitoring Guide*, contact information for RHIIP Help Desk Officers, and RHIIP Quarterly Newsletters.

The address of the Multifamily RHIIP website is http://www.hud.gov/offices/hsg/mfh/rhiip/mfhrhiip.cfm.

Multifamily Housing on Target for Reaching Error Reduction

MULTIFAMILY is well on our way to meeting HUD's goal to reduce errors in rent and income determination by 50 percent by FY 2005. HUD initiated RHIIP in 2001 after the release of a study by HUD's Office of Policy Development and Research (PD&R). The study found substantial errors were being made in the income and rent determinations, which set the subsidies HUD pays on behalf of families who receive HUD rental assistance. The follow-up study conducted during FY 2003 showed a 26 percent reduction in gross erroneous payments when compared to the study released in 2001. This is an especially significant reduction of errors when compared to the 15 percent error reduction that HUD originally set as a goal for FY 2003.

The "Quality Control for Rental Assistance Subsidies Determinations," study was conducted for PD&R by ORC-Macro International. The methodology for the study provided for interviewing a representative sample of tenants, verifying and validating tenant income reporting, and recalculating rents for comparison to program administrator determinations for the purpose of identifying errors. The 2000 study verified rent calculations for a representative sample of 2,403 households receiving assistance at 600 projects. The 2003 study updated the 2000 estimates and generally used the same methodology, sampling procedures, and sample sizes. The combined effect of error estimates determined during 2003 resulted in an error rate of 8 percent of program expenditures for projects with project-based assistance.

Where to Find the *4350.3 Rev-1 Handbook*

Web:

www.hudclips.org
(click "search" next to the "All HUD Handbook" short cut)

Mail:

U.S. Department of Housing and Urban Development
Customer Service Center, Room B-100
451 Seventh Street, SW
Washington, DC 20410

Phone:
(800) 767-7468

Fax:
(202) 708-2313

Handbook Supplementary Tools: *HUD Handbook 4350.3 Rev-1* Summaries for Owners and Tenants

To facilitate implementation of *Handbook 4350.3 REV-1*, the RHIIP Team has posted two new supplementary tools: *Handbook Summary for Owners* and *Handbook Summary for Tenant*. Essentially these summaries are concise versions of *Handbook 4350.3 REV-1* that cater to the unique needs of owners or HUD-assisted tenants. Presented in a question-and-answer format, these new tools cover all chapters of the *Handbook 4350.3 REV-1*, provide answers to general questions, and list specific references to *Handbook 4350.3 REV-1* for additional information.

Handbook Summary for Owners and *Handbook Summary for Tenant* have already received a number of affirmative comments from a pilot group of management agents, owners, and tenants around the country. Both tools can be found on the Multifamily RHIIP website.

Multifamily RHIIP Help Desk Representatives

EFFECTIVE November 24, 2003, RHIIP Help Desk Representatives will begin answering all questions related to *Occupancy Handbook 4350.3 REV-1* for their respective offices.

In an effort to provide continuing support to all HUD field staff, owners, managing agents, and contract administrators, RHIIP Help Desk Representatives were established in each Hub and Program Center. The Help Desk Representatives are part of a national team that will provide guidance on issues related to admission and occupancy policies and rent and income determination. This team is essential in assisting the Department in meeting its goal to ensure "the right benefits go to the right persons" and to reduce errors in the amount of subsidy the Department pays each year. The Help Desk Representatives will assist Headquarters in determining areas in which further occupancy training is needed. A list of names of the RHIIP Help Desk Representatives is available on the Multifamily RHIIP web page (click on "Help Desk Representatives.")

Contract administrators will continue to contact their Contract Administration Oversight Monitor (CAOM) with questions related to the Occupancy Handbook. If needed, the CAOM will submit the question to the RHIIP Help Desk Representative for additional guidance and assistance.

Q&A Occupancy Frequently Asked Questions

IN an effort to provide assistance to field staff, contract administrators, owners and agents, a mailbox was established to respond to questions related to HUD *Handbook 4350.3 REV-1*. Below is a sample of Frequently Asked Questions (FAQs) submitted to the occupancy handbook mailbox. All of the FAQs are available at the Multifamily RHIIP website.

1. Tenants are given a 120-day notice to provide information for the recertification process. See Paragraph 7-7.B.2. Verification of the various materials received during the recertification process is valid for 90 days from receipt by the owner. See Paragraph 5-17B.1. For those materials that are received prior to the expiration of the 120-day period but the materials are more than 90-day old, is the owner authorized to extend the validation period from 90 days to 120 days to coincide with the 120-day recertification period?

The Handbook at Paragraph 5-17B.2 provides that after the 90 days, "...the owner may update the verifications orally with the verification source. As with any oral verification, the owner must include written documentation in the file." The regulations do not prescribe a specific time period for the age of materials received during the recertification process. Further, 9887 (Individual Consent Form) provides that the owner "...may use these individual consent forms during the 120 days preceding the certification period." Owners may now extend the validation period from 90 days to 120 days and are no longer required to complete the extra step of calling to confirm the validity of the information. For verifications that are more than 120 days old, the owner must obtain new verifications. See Paragraph 5-17B.3.

2. In a 202/811 project are children ages 18 and under allowed to live in the unit if the head of household has legal custody of that child?

Yes. Owners may not exclude families with children from their properties, nor develop polices or procedures that have the purpose or effect of prohibiting children (e.g., policies in tenant selection plan, occupancy standards, house rules, etc.). Owners may not exclude otherwise eligible elderly families with children from elderly properties or elderly/disabled properties covered by *Handbook 4350.3 REV-1*. See Paragraph 3-22.D.

3. Is it permissible to allow an elderly person already in the unit to admit an adult child to move into the unit?

In all Section 202 projects, adult children are not eligible to move into a unit after initial occupancy, unless they are performing the functions of a live-in aide and are classified as a live-in aid for eligibility purposes. Paragraph 7-10.A.2 will be updated to include all Section 202 projects.

4 If an owner does not submit the required recertification data within 15 months of the previous year's recertification anniversary date will HUD terminate the owner's HAP payment forever?

If a new recertification is not submitted within 15 months of the previous year's recertification date the HAP payment will stop, but will be reinstated retroactively to the anniversary recertification date once the new recertification data is submitted. See Paragraphs 7-8C.2 and 7-8D.1.b.

5. If a tenant submitted the required information to the owner on time and the owner failed to complete the recertification process by the tenant's anniversary recertification date and later determined that the tenant's rent should have increased, can the owner retroactively collect from the tenant the amount of the new rent increase back to the date of original recertification?

No. If the owner failed to complete the verification and recertification process by the tenant's recertification date and, as a result, the tenant's rent increased, the owner is not entitled to collect the tenant's portion of the new rent increase amount retroactively to the anniversary date. The owner must provide the tenant a 30-day notice indicating the new rent increase amount. See Paragraph D.1.c.(2).

6. If a tenant submitted the required verification information to the owner on time and the owner failed to complete the recertification process by the tenant's anniversary recertification date and later determined that the tenant's rent should have decreased, is the tenant entitled to reimbursement retroactively for the difference that the tenant over paid?

Yes. If the owner did not complete the verification and recertification process by the tenant's recertification date and, as a result, the tenant's rent decreased, the owner must retroactively reimburse the tenant for the difference that the tenant overpaid. See Paragraph D.1.c.(1).

TRACS Update

IN February 2004, the Tenant Rental Assistance Certification System (TRACS) will be implementing Optimum Tenant Reporting Compliance to facilitate projects in achieving more accurate and consistent tenant data reporting against paid vouchers. TRACS will begin notifying projects that do not meet the Multifamily Housing compliance standard and potentially suspend subsidy payments for vouchers that fail to comply with the standard. TRACS will also provide enhanced reporting tools to assist projects in fulfilling Optimum Tenant Reporting Compliance.

U.S. Department of Housing and Urban Development
Office of Housing
Office of Multifamily Housing Programs
451 7th Street, SW, Room 6106
Washington, DC 20410

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12,000 Trained on *Handbook 4350.3-Rev-1*

Training is an important vehicle to meet the RHIIP objective of reducing errors in the administration of HUD's rental housing assistance funds. HUD staff conducted a survey to provide an estimate of the number of people who have received training on the revised *Handbook 4350.3 REV-1*, Occupancy Requirements of Multifamily Housing Programs since it was issued on June 12, 2003. HUD Multifamily Housing Offices and training professionals who specialize in occupancy training for HUD multifamily assisted housing professionals were surveyed.

HUD Staff Training Sessions

HUD staff was surveyed by contacting the 51 HUD Multifamily Hub and Program Center Directors. Responses were received from 40 offices with the following results:

1. 539 staff and 109 PBCA staff participated in the August 2003 HUD satellite training on *Handbook 4350.3 REV-1* and the *Rent and Income Quality Control Monitoring Guide.*

2. 195 staff attended other training, such as training provided by professional training companies.

3. 1,981 staff and business partners received training through 45 training sessions conducted by Multifamily Hub or Program Center Directors and/or their staff.

Professional Training Company Sessions

Trainees in sessions not conducted by HUD staff were surveyed by contacting professional training companies. Six companies responded to the survey. Participants in training sessions conducted by professional training companies consisted primarily of owners, management agents, on-site project staff, and contract administrators. HUD staff also attended some of the sessions. The sessions ranged from up-date classes on the changes to HUD *Handbook 4350.3 REV-1* to in-depth training classes on the entire handbook. One company commented that the up-date classes were the most popular.

The survey showed that 9,664 participants were trained between June 12, 2003 and December 1, 2003. It also showed that training on occupancy requirements is a popular topic, and this is good news for RHIIP. To date, more than 12,000 participants have received training on program requirements. This training will pay off by helping to reduce errors in assistance payments and take HUD a step closer to reaching its goal of reducing errors in rent and income determination by 50 percent by the end of FY 2005.